

Message Text

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PAGE 01 PRAGUE 02314 130545Z

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E.O. 11652: N/A

TAGS: ELTN,CZ

SUBJECT: AUTOMOTIVE INDUSTRY IN CZECHOSLOVAKIA (C-ER-6-50147)

REF: STATE 172560 (NOTAL)

SUMMARY: EMBASSY RESPONDS TO REFTEL QUERIES ON CZECHOSLOVAK
AUTOMOTIVE INDUSTRY UNDER SIX HEADINGS. END SUMMARY.

2. RESPONSE TO QUESTIONS POSED REFTEL FOLLOWS:

A. CZECHOSLOVAK AUTO PRODUCTION DATES BACK TO 1897, AND
CSSR PROBABLY RANKS FIRST IN PER CAPITA PRIVATE OWNERSHIP OF
CARS IN THE COMMUNIST WORLD. AUTOS, AS WELL AS OTHER
MOTOR VEHICLES, ARE NOW MANUFACTURED AT MLADA BOLESLAV,
BOHEMIA (SKODA-FAMILY CARS) AND KOPRIVNICE MORAVIA (TATRA-
LIMOUSINES). DIRECTIVES FOR SIXTH FIVE-YEAR PLAN (1976-80)
CALL FOR FURTHER INCREASE OF PRIVATE OWNERSHIP OF
AUTOS AND PLACING ON MARKET OF 800,000 CARS DURING
CURRENT 5-YEAR PERIOD. (TOTAL POPULATION IS 15
MILLION.) LOCAL PRESS HAS RECENTLY BEEN TANTALIZING
BUYING PUBLIC WITH NEWS THAT NEW SKODA MODEL 105/120
(FIRST MODEL CHANGE IN ABOUT FIVE YEARS) WILL BE UNVEILLED
AT BRNO FAIR IN SEPTEMBER AND THAT 143,000 OUT OF TOTAL 176,000

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PAGE 02 PRAGUE 02314 130545Z

SKODAS TO BE PRODUCED IN 1977 WILL BE OF THE NEW TYPE. OF 666,000 CARS

SOLD IN CSSR DURING PREVIOUS FYP (1971-75), SLIGHTLY OVER HALF WERE IMPORTED, MOSTLY FROM USSR, GDR, POLAND AND ROMANIA. (ONLY 5,500 CARS WERE IMPORTED FROM CAPITALIST COUNTRIES). UNDER THE 1971-75 FYP, 324,000 DOMESTICALLY PRODUCED CARS (ALMOST ALL SKODAS) WERE SOLD IN CZECHOSLOVAKIA, WHILE EXPORTS TO CEMA AND NON-COMMUNIST MARKETS TOTALLED 347,000 FOR JUST THE FIRST FOUR YEARS OF THE FYP. (1975 TOTAL NOT YET AVAILABLE.) THUS, AUTO INDUSTRY IS LONG-ESTABLISHED, MAJOR SECTOR OF THIS INDUSTRIALIZED ECONOMY AND SIGNIFICANT EXPORTER.

B. CZECHOSLOVAKS, WHO LIKE CITIZENS OF OTHER COMMUNIST STATES CANNOT NORMALLY OWN THEIR OWN HOMES, TYPICALLY REGARD FAMILY AUTO AS THE MOST DESIRABLE MATERIAL POSSESSION. PRIVATE OWNERSHIP HAS RISEN DURING PAST DECADE SINCE REGIME UNDOUBTEDLY REALIZES AUTOS ARE ONE OF FEW INCENTIVES NORMALLY APATHETIC WORKERS HAVE TO WORK HARDER TO EARN MORE. WAITING TIMES ARE NO LONGER EXCESSIVE (ABOUT THREE MONTHS), AND PURCHASERS NOW NEED PAY ONLY ONE-THIRD IN CASH. THIS INSTALLMENT PURCHASE OPTION MAY END HOWEVER, ONCE NEW MODEL SKODAS ARE INTRODUCED. GAS STATIONS ARE SCARCE BY WESTERN STANDARDS AND QUEUES ARE COMMON, BUT SITUATION IS REASONABLY GOOD BY EAST EUROPEAN STANDARDS. SERVICE FACILITIES AVAILABLE, BUT CZECHS AND SLOVAKS GENERALLY DO AS MUCH REPAIR AND MAINTENANCE WORK THEMSELVES AS THEY CAN.

C. PRICES OF CARS HAVE REMAINED STABLE DESPITE RISE IN OIL PRICES, AND DEMAND FOR CARS REMAINS KEEN.

D. EVIDENTLY, REGIME IS WILLING TO SUPPLY CARS TO POPULATION AT EVEN FASTER PACE IN FUTURE SINCE SIXTY FYP CALLS FOR 800,000 CARS TO BE SOLD COMPARED TO 666,000 DURING FIFTY FYP.

E. ALTHOUGH SIXTH FYP DIRECTIVES STRESS NEED TO CONSERVE FUEL AND MENTION IMPORTANCE OF MASS TRANSPORT, THEY ALSO SPECIFICALLY ENDORSE "PRIORITY USE OF CRUDE OIL FOR CHEMICAL PROCESSING AND THE NEEDS OF MOTORING".

F. SIXTY FYP CALLS FOR COMPLETION OF PRAGUE-BRNO-LIMITED OFFICIAL USE

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PAGE 03 PRAGUE 02314 130545Z

BRATISLAVA SUPERHIGHWAY AND ADDITIONAL ROAD IMPROVEMENTS, BUT IT DOES NOT DETAIL OTHER INVESTMENTS REQUIRED TO SUPPORT EXPANDED CAR POPULATION.

3. ONLY LITERATURE AVAILABLE IS STATISTICAL YEARBOOK FOR CSSR 1975.
BYRNE

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